

Highlights from the Corps Contracting Community

By Ruth A. Ijames

Sacramento District completed a successful contracting year by obligating \$350M+ both as new awards and thru task orders and modifications.

LEEVE RESTORATION. As anyone who is watching the national news with any regularity knows, El Nino is forecast to hit the California coast this winter with heavy rains and snowfall. This follows on the heels of record flooding throughout the Sacramento and San Joaquin valleys in January 1997. During the months of September and October we awarded 23 contracts for levee restoration in preparation for the wet season, which is anticipated to be much worse because of El Nino. What was special about these actions was that we were able to partner with the SBA to permit us to offer 14 of them as competitive 8(a) even though the average value of each action was \$1.0M or less, well below the competition threshold. We coordinated early with SBA for quick turnaround of the awards via fax as construction had to begin almost immediately. There were zero delays; the partnership worked very well. This is especially notable since we had to work with three SBA offices. As a result, 14 of 23 contracts were awarded to 8(a) construction firms. The normal turnaround from bid opening to award was three days. We plan to send a letter of appreciation to SBA Central and arrange for presentation of an award to the SBA Region Office manager who provided us so much assistance with planning the levee projects.

CREDIT CARD PROGRAM. We have a very successful credit card program. We publish a quarterly newsletter to all cardholders and certifying officials. In this newsletter we publish "lessons learned" (omitting names/offices, of course), common audit findings, and a Question/Answer section for frequently asked questions. Once a year we have mandatory refresher training for the cardholders which lasts no more than two hours. Many cardholders do not use their cards daily or even weekly. We have found that knowledge not used on a frequent basis is usually lost, so these "reminder" sessions have proven beneficial.

By Maureen Taylor

Ft. Worth District Tremendous success for the Army and Air Force customers through the use of IDIQ Construction/Service Contracts for Installation Support; while an invaluable tool all during the year, these contracts have proven to be especially beneficial at year end.

Shared IDIQ contract usage between Ft. Worth District and various other Corps of Engineer districts, both within and outside of division boundaries. The results were: the ability to serve our customers, provide expeditious execution of actions which were under tight time constraints, and ultimately even aid in avoiding the "hollow contract" concept.

The Ft. Worth District utilized the Electronic Bid Set process during FY 97 for its entire military construction contract execution program. The district is the leader in this new technology and has been instrumental in providing training and assistance to numerous other Corps districts.

By Nancy Tullis

Far East District

Building for Peace on the Frontiers of Freedom – And with Electronic Bid Sets Yet!

Building for Peace on the Frontiers of Freedom is the motto used by the Far East District Commander. Far East District Headquarters is located in Seoul, Korea, and the District has several Resident and Project Offices throughout the Republic of Korea, including one only a few miles from the 38th Parallel, otherwise known as the DMZ (Demilitarized Zone) separating North and South Korea.

FED is a microcosm of its host nation when it comes to interesting blends of the old with the new, caused by the breakneck economic and technological development of South Korea known as the Miracle on the Han River. In a Korean department store you can find traditional Korean *hanbok* (native costume) next to the latest Paris fashions. On the streets of Seoul, you can see hand-pulled carts next to entries to brand new subway lines. At FED job sites you may occasionally still see bricks carried on a Korean company's workers' backs while the same company is receiving a Request for Proposal via EBS.

EBS at FED? Yes, that's right! During the week of November 3-7, a team of Fort Worth District employees visited FED and conducted intensive training for FED EBS team members. While here, the Fort Worth team also conducted an EBS presentation for 22 Korean construction companies. The result of the one-week training was the first CD-ROM solicitation package for an actual FED project. The Request for Proposal was released on the 14th of November to a group of prequalified Korean construction contractors.

The CD-ROM version of EBS is more appropriate for the FED

program at the moment. However, all FED and contractor participants involved in this effort agree that full-blown Internet

Far East Cont.

EBS could greatly improve the solicitation process in this city where contractors' preference to not rely on the local mail requires them to endure another product of the Han River Miracle

– incredible traffic jams that would impress any D.C. or L.A. resident.

By Bruce D. Okumura

Japan District located in Camp Zama, Kanagawa Prefecture, Japan (about 50 km, or 30 miles, southwest of Tokyo, 14 time zones ahead of Eastern Standard Time). 50 km to Tokyo may sound close; however, a trip into Tokyo can take 2 hours by car and 1½ hours by train from Camp Zama.

The JED Contracting Division provides the district with "one-stop" contracting service including pre-award, award, and post-award activities. We support the largest Host Nation Program in the U.S. Army Corps of Engineers. Although most of our contracting workload supports the Host Nation Program, we have a growing reimbursable program that sustains US Forces and agencies throughout Japan with engineering, construction, environmental and related services.

Our contract work in support of the Host Nation Program makes this office unique within the Corps of Engineers. But what really sets the JED Contracting Division apart is that it is the only full service Army contracting activity in Japan.

By Fances K. Bauer

South Atlantic Division

Advance Contracting For Disaster Responses

BPAs (1997)

-BPAs will be used for initial response for debris clearance and emergency power until IDIQ contract(s) can be awarded. BPAs will be used for contracting vehicles to meet ice and water missions.

-BPAs will be prepriced

-Ice and water are subsistence items so no order limit on Calls

-\$100,000 Call limit on other BPAs

-Payment for Calls of \$100,000 or less by Credit Card

-Each district in SAD will establish it's own BPAs and determine the number needed for each commodity/service

IDIQ CONTRACTS

-IDIQ contracts will be established for Debris Management and Emergency Power for the 1997 hurricane season. IDIQ contracts

will be established for roofing, ice and water for the 1998 and beyond hurricane season.

SOLICITATION

-Single solicitation will be issued by assigned district for each service providing for award of multiple contracts on an annual basis unless each state is covered by an awarded contract.

-Advertising district will take all actions up to the point of award.

-All districts will make the awards for their assigned State(s).

-Solicitations will be RFP (Best Value) for Debris Management and IFB for Emergency Power. Determination as to RFP vs IFB will be made in 1998 for roofing, ice and water.

-All SAD districts will participate in RFP Source Selection.

-Solicitations will require offers to be held open through 30 November of each year that a solicitation is issued (last day of hurricane season).

-Solicitations will state that offerors will be limited to award of a single contract even though multiple contracts will be awarded (7 CONUS-Alabama, Florida, Georgia, South Carolina, North Carolina, Mississippi and Virginia; 2 OCONUS - Puerto Rico and Virgin Islands).

STAFFORD ACT CONSIDERATIONS

-Location of prime contractor will be an evaluation criteria to increase chance of award going to a firm located in the state for which a contract is awarded.

-Requirement for maximum hiring and subcontracting in specific disaster areas for which Task Orders are issued.

CONTRACTS

-IDIQ contracts will be used as the primary means of contracting for debris management and emergency power; will be the primary contracting means for 1998 and beyond for roofing, ice and water.

-Contracts will have a given state as primary place of performance with option to issue Task Orders for performance anywhere in SAD's AOR.

-Contracts will provide for Task Orders to be issued by any District in SAD's AOR; contracts will be awarded by district located in each state. In case of Mississippi and Virginia, will be awarded by districts whose AOR extends into those states. Responsible districts will coordinate with MVD and NAD.

-Provision for cost-reimbursable, fixed-price for estimated quantity, equipment rental, or any combination thereof Task Orders for debris management; fixed-price Task Orders for emergency power. Types of Task Orders for roofing, ice and water will be determined in FY98.

-Base year with four (4) one-year options for Debris; two (2) one-year options for Emergency Power. Performance periods for roofing, ice and water will be determined in FY98.

-Government will reserve the right to exercise options through 30 November of each year, regardless of when the base year

expires.

-Total Order Limit for each contract of \$20M for Base and each Option Year for Debris; \$1M for Base and each Option Year for Emergency Power. Limits for roofing, ice and water contracts will be determined in FY98.

CONVENTIONAL CONTRACTING AFTER A DISASTER

-Would be an option that would be utilized when issues such as pressure from FEMA/State to utilize more contractors, poor performance, better price/management, etc.

-Would not be utilized without fully coordinating with all concerned.

-Would be done utilizing Simplified Acquisition Procedures, IFB's, RFP's, and/or letter contracts.

FUNDING

-FEMA will provide funding for awards. Awards will be made as need arises and funds are made available. Any contracts not awarded within a given calendar year will be resolicited for the next calendar year. After 1997, plan to issue solicitations so as to be ready to award at start of hurricane season.

-FC&CE funds will be utilized to fund labor of all district personnel involved in these acquisitions.

UPCOMING MISSIONS

-Temporary Housing

-SAD has been tasked to develop a plan to assume the temporary housing mission for FEMA. Apparent tasker is procuring mobile homes and designing and establishing mobile home parks (housing install). CESAS has the lead for this mission area and has established a team to meet with industry to determine proper scope of work for the mobile homes. Plan is to utilize IDIQ contracts for the procurement of trailers with all contracting to be done by CESAS; allow each district to utilize existing A-E IDIQ contracts for site adapt designs for the housing install mission. Construction of parks will be by individual contracts as too many unknowns to fit IDIQ model - emergency contracting procedures will be utilized.

COORDINATION WITH INDUSTRY

-Districts responsible for all mission areas except debris removal are in the process of setting up meetings with industry to determine if scopes of work and proposed contracts need to be reworked to facilitate more timely and cost effective performance.

VIRTUAL CONTRACTING DIVISIONS

-SAD CT'S testing working in each other district's SAACONS and CEFMS database.

-Successful tests done between first test groups.

-Will be used to support affected district during disasters.

-Liaison person established at each district CT.

-Limited (1-3) persons TDY to affected district during initial phase of disaster response (1-3 weeks) to establish work flow to supporting districts.

-Can be expanded for use Corps-wide.

-Should substantially reduce TDY costs for supporting contracting mission during disaster responses.

-Should reduce loss of productivity experienced with TDY personnel as will be working with an already established team/supervisor.

-Can be used to perform normal contracting workload outside of disasters to accommodate peaks and valleys in workload.

By Bob Gruber

Transatlantic Programs Center Integrated Product Team (IPT) Process

Purpose: To provide specifics on the employment of the Integrated Product Team (IPT) process to provide contract support to U.S. military troops deployed to the Balkans in support of Operation Joint Guard for the PARC Notes.

Facts: To date the Logistics Support Services Team at the Transatlantic Programs Center (TAC) has employed the IPT process twice to provide logistic support services to U.S. military troops deployed to Bosnia, Croatia and Hungary through the LOGCAP and the Operation Joint Guard Sustainment contract With Brown & Root Services Corporation (BRSC), Houston, Texas.

The IPT was employed for the first time at TAC to provide a six month extension of logistic support services under the LOGCAP contract (DACA78-92-C-0066). These services included; base camp operations & maintenance, laundry & food service operations, transportation, equipment maintenance, container handling & shuttle bus services, road repair & maintenance, class III operations (bulk fuel distribution), mail route operations, hazardous waste management, and short duration redeployment services for troops leaving theater. Primarily BRSC provides all logistic support services to the deployed troops. The contract method chosen for LOGCAP is cost plus award fee (CPAF).

The idea to perform an IPT for the six month extension of the LOGCAP contract came from the first AMC Army Roadshow. The contracting officer (Bob Gruber) for the LOGCAP contract was hesitant to employ this process since there had been some adversarial relationships between the customer, United States Army Europe, Deputy Chief of Staff for Logistics (USAREUR DCSLOG), Defense Contract Audit Agency (DCAA), Defense Contract Management Command (DCMC) corporate Administrative Contracting Officer (ACO) team in the past. Since this contract supported contingency operations, it was hard for DCAA and DCMC to depart from conventional contracting

procedures, whereby a negotiated contract or modification was required in place prior to services starting. Throughout the term of the LOGCAP contract, modifications were issued through unpriced change orders (UCO's) or undefinitized contract actions (UCA's) that were definitized later within the requirements of Defense Federal Acquisition Regulation Supplement (DFARS). The other problem was the customer not understanding cost reimbursement contracting procedures and trying to apply fixed price procedures to this contract. It should also be noted the schedule to definitize this action was very tight, considering the use of conventional contracting procedures.

A result of these adversarial relationships and the tight schedule, the IPT process was employed for this extension of services. The team consisted of the principal stakeholders of this contract activity, which were members from the Transatlantic Programs Center (TAC), DCAA, DCMC, USAREUR DCSLOG, and BRSC. The team kicked off the IPT at BRSC's offices in Houston, Texas on 30 October 1996. A charter was prepared depicting the functions, roles and goals of the team. The team was tasked with developing the method by which BRSC would submit its proposal costs through a series of cost drivers. These cost drivers were dependent on headcounts of troops, bed counts, historical data or developed from the ground up. We were told an average of 10,000 troops would require support and that from time to time there would be fluctuations in troop strength, due to rotation of commands, of up to 14,000 troops. From these scenarios the team had to determine the cost drivers (head count or bed count) and whether to use historical data, perform a ground up analysis on work not previously performed, and provide any seasonal factors if applicable. The process continued through 8 November 1996 for the majority of the team with exception of DCAA who remained on site to ensure the cost drivers and other factors were utilized in establishing individual costs. A proposal was received from BRSC on 20 January 1997 and a contract modification, extending the LOGCAP event for an additional six months was awarded to BRSC on 13 February 1997.

The IPT process was an excellent tool to use because it cut normal conventional contracting procedures from 180 days to 106 days. In the conventional contracting process audit reviews are performed after receipt of proposals causing adversarial reviews. The independent government estimate for the six month extension was \$116 Million and the final negotiated estimated cost was \$84,087,742. The IPT process permits auditors to review and provide comment on portions of cost data and proposal format prior to contractor proposal submission. The auditors cannot help the contractor prepare their proposal though. In this particular case, the auditors did not question any costs nor did they find any unsupported costs. The process provides for open communication amongst all team members and empowers

them to make decisions without interference at all levels. The IPT brought together a more cost efficient contract modification to extend services in a short period of time. The process also developed a better understanding of contracting procedures to those team members who didn't understand them and relationship with BRSC. The IPT process is matter of choice now since it was first utilized.

The IPT process was utilized a second time to award the Operation Joint Guard Sustainment (OJGS) contract (DACA78-97-D-0001). This is an IDIQ contract that replaced the LOGCAP contract when it expired and provides sustainment services to the troops still deployed to Bosnia, Croatia and Hungary, similar to those provided under LOGCAP. Due to the uncertainties involved in a contingency environment such as this, it became difficult to establish fixed price task orders. To date all task orders issued against the contract have been cost plus award fee. The IPT process was similar to that performed in the six month extension of LOGCAP, except that the services were to cover a one year basic contract period, with two six month options. Since the services were similar to the LOGCAP extension, the IPT was responsible for reviewing the cost drivers and other factors to ensure they were applicable to this contract. The IPT process started on 17 March 1997 and the contract was awarded on 19 May 1997. The process took a total of 63 calendar days to complete. The total negotiated estimated cost for the basic contract year was \$139,215,485 and each six month option was \$69,317,488 and \$64,396,179 respectively.

As stated earlier, the IPT process is a preferred choice amongst the team members. This process has eliminated those adversarial actions that have arisen in the past over conventional contracting.

By Larry Cook

Nashville District "Nashville District is excited about its current involvement in the Dept of Energy's FUSRAP program transition to the Corps. Sporting a willingness to use some innovative contracting methods, Nashville will play an important role in the initial transition. Work currently being done by SAIC under contract to DOE will be picked up by Nashville District under an existing environmental contract the District has with SAIC."

By LTC Nicholas Kolar

TAE Installation Support Contracting--Value Added for the Army

Several innovative contracting initiatives have made Transatlantic Programs Center, Europe (TAE) a resource multiplier and integral partner-in the installation management business in Europe.

Customers in Europe increasingly require non-traditional engineering support such as services, privatization, base operations, scoping/partial designs, small construction, utilities, design/build and construction as commercial services. These contracts are awarded in accordance with FAR part 12 procedures unlike traditional construction contracts which are awarded in accordance FAR part 36. Our strength and value-added is the Corps' multi-disciplinary expertise and our partnership with customers throughout the pre-award/post-award process. We are there from concept scope through final inspection and contract close out. We have aligned for success by remaining customer focused, defining new products, designing "best business processes" and organizing to deliver efficiently. Our customers' requirements continue to mount while their in-house engineering and contracting staffs decline in response to budget reductions. The demand for increased Corps participation in installation management will continue as long as we live the "one team" philosophy embodied in the Chiefs vision and help our customers effectively leverage their limited resources.

Changing Customer Requirements: Serious installation infrastructure and quality of life deficiencies combined with a scarcity of MCA-funds and fierce competition for OMA dollars have forced major restructuring of base operations management throughout the European Theater. DPWs are under constant pressure to reduce their in-house work force and find cost effective alternatives. Outsourcing initiatives such as Total Maintenance Contracts and privatization have lead Contracting Division (TAE-CT) to expand procurement support in non-traditional areas while continuing our traditional design and construction mission. As DPWs and tenants like DODDS, DECA, and MEDCOM seek to fill in-house voids, TAE redirects its expertise to provide customers a fast, flexible toolbox of life-cycle installation engineering management products and services.

Installation Support - Cultural Change: Until 1990, European Division thrived on a large, stable MILCON program. Contracting was geared to traditional construction contracts awarded in accordance with the FAR part 36 procedures with long conception-to-contract-award time frames. MILCON evaporated with the end of the Cold War in 1990 and we were driven to change our mix of engineering services to support the changing requirements of our intensely busy, under-funded, downsized customer. We have had to streamline our bureaucracy, realign our work relationships and change our culture to focus on smaller projects executed within annual OMA appropriations rules and time frames. We have had to learn to think with the urgency of a DPW about plumbing problems in family housing, a principal with broken windows in a grade school, a surgeon with HVAC that needs maintenance

in the operating room, a tactical commander without heat in the motor pool. We had to develop contract tools that guarantee execution with rapid response at reasonable cost. Since the fall of the Berlin wall, timely execution of these OMA projects is exactly what customers want. Today, TAE is a customer-focused 340-person district that outsources 90 percent of its workload to provide a wide spectrum of engineering services throughout the European Command area of responsibility.

One Year Funding: One lesson learned early was the need to anticipate the focus of USAREUR's annual budget and prepare to execute the types of projects at the top of the IPL (Integrated Priority List) rapidly with one year money. By the time USAREUR receives and distributes funds less than six months remain in the fiscal year to award contracts. Many awards must be made late in the fourth quarter. This funding paradigm forced us to develop non-traditional contracting instruments. The DPWs all have the same three basic requirements (quality work, fast execution, and reasonable costs). For the first six months of the year, the order of importance is quality first, with reasonable cost and fast execution rated equally second. At the beginning of the fiscal year, the DPWs have six months to develop projects with the luxury of designing for quality and refining existing designs. However, the emphasis shifts dramatically to execution during the last six months of the fiscal year. Quality and cost count, but only if funds are obligated by 30 September.

TAE's Approach to Installation Support

a. Staffing:

(1) Traditional compartmentalized organizations cannot cope with the quick turnaround required on one-year money. To speed the process, we created the Project Execution Teams. These consist of collocated Contract Specialists, Program Analysts, and Project Managers who work shoulder to shoulder in our Project Management and Planning & Environmental Branches. This matrix organization across stovepipes allows contracting personnel to play a role in the planning aspect of all procurements. Attorneys from Office of Counsel and other specialists participate when required. All Contract Specialists work under the administrative control of the Chief, Contracting Division. But day-to-day work is directed by the branch chiefs. This close working relationship produces better solicitation packages with a buy-in from all of the players.

(2) Within Contracting Division, we reorganized the Construction Section as the Construction, Supplies, and Services Section. This team solicits and awards a variety of contracts to support USAREUR communities, DODDS, Medical Command, State Department, DSWA, DECA, AAFES, AFRC and the Air Force for work in Germany,

Italy, Turkey, and a number of Central European countries. A number of Total Maintenance Contracts have been awarded to support 29 schools in the DODDS program; four Operation, Maintenance, Engineering Enhancement (OMEE) contracts have been awarded to support the Medical Command hospitals and outlying clinics; and requirements contracts have been awarded for barracks room renovations and complete LAN installations for DODDS.

(3) Installation Support work expanded more rapidly than anticipated and Contracting Division restructured again to keep pace. An Installation Support Section was carved out of the Construction, Supplies, and Services section to provide oversight and administration support for the JOC, DODDS TMCS, and OMEES. This team has reviewed, staffed, and finalized over 500 delivery orders worth over \$40M for JOC alone. It is responsible for more than 30 contracts with a capacity of more than \$91.5M.

(4) While these initiatives improved our efficiency in preparing packages at the district headquarters, we weren't organized to support delivery in the field where our area and resident offices only had capability to administer construction contracts. Our answer was to push contracting support out closer to the customer to provide rapid turnaround on maintenance and service contracts. We have staffed each area office with GS-1102, DAWIA-certified contract specialists to administer this workload.

b. Innovative Approaches: To facilitate responsive service we have a variety of tools in place including: Best Value, Quick IFBS, JOC, requirements contracts, IDIQ and other specialized contracts so that the most appropriate contracting method can be selected and rapidly implemented by the Contracting Officer.

(1) Best Value RFPS: The Center uses "Best Value" contracting procedures to provide a variety of contracts that give customers fast efficient tools to accomplish work in the ever-changing environment. This process has drastically reduced the number of claims during and after construction while allowing the customer to make a rational decision on which factors it deemed important for the purpose of selecting the successful contractor. Although time consuming in the beginning, Best Value Source Selection has proven, with refinement, to take no longer than a traditional low bid Request for Proposal (RFP) in overall project completion time. For example, the requirement for an Environmental Services Contract with a quick response time in support of Operation Joint Endeavor was handled as a Best Value procurement. The need to place resources on the ground within 24 hours was the driving force in contractor selection. TAE has had several major and numerous minor clean up projects placed

against this contract. To date, the contractor response time for the emergency response team has averaged less than 12 hours.

(2) Quick IFBS: To fill the void left when USAREUR DPWs lost much of their in-house design capability, TAE has developed a quick response design team capable of preparing designs for projects ranging from \$100,000 to \$2 million dollars. This team, composed exclusively of engineers with DPW experience, is capable of a 30 to 45 day turnaround of designs in enough detail to allow contractors to bid. Our Contracting Division reduced the amount of time required to solicit and award these projects to 45 days. The customer sees construction activity at his site 75 to 90 days after the Center receives his funded requirement. For those projects requiring large quantities of material rather than labor, the Center now awards supply contracts thereby guaranteeing consistency of quality. These items are then provided to the contractor as government furnished (e.g. the center purchased carpet for barracks renovation and provided it to the three contractors engaged in those projects). The level of quality was consistent from barracks room to barracks room -- a major concern of the *USAREUR Deputy Commanding General*.

(3) Being Prepared: One year money forces the Center to be ready to execute when year end windfall funds become available. Pre-placed requirements contracts, JOC contracts, total maintenance contracts and quick turn around IFBs and RFPs are our lifeline. It is important that we find a mechanism to allow us to be responsive to predictable customer needs prior to receiving the call to execute. Contracting Division has been able to place requirements contracts covering identifiable repetitive projects. An example is the USAREUR Commander's Facilities Improvement Program (FIP) requirements contract. This contract provides all the resources needed to upgrade both barracks rooms and common areas of buildings identified in Phase I of this program at a cost 40% lower than comparable JOC delivery orders. As a result, the Center was given the requirements not only for Phase I but the follow-on Phase II and the current Phase III renovations.

4. Issues: USACE provides one-stop funds for the assessment of a customer's engineering/ technical problems. This funding allows Engineers 16 man hours to give advice to a customer concerning engineering problems at his installation. A similar funding program for contracting initiatives would pay large dividends. For example, the Khobar Towers terrorist bombing precipitated a frenzy of activity focused on increased installation security. We recognize the need to have in place tools to allow the DPWs to shield their installations from possible terrorist attacks. A small amount of up-front funding could prepare a requirements or IDIQ contract ready on the shelf when construction funds become available to the DPWS.

As another example, the drawdown of forces and the reduction of DPW staffs have produced a market opportunity for between occupancy maintenance of family housing, and general maintenance of aging pre-World War 11 Facilities. The cost of preparing a contract package up to the point of award to support these initiatives is in the \$30,000 to \$50,000 range. We are experiencing many missed opportunities because of the unavailability of a suitable funding vehicle to cover the "be prepared" portion of our mission.

5. Conclusion: The changes TAE has made to thrive in an era of declining military resources are relevant to CONUS Districts and essential if the Corps is to remain at the forefront of military engineering as DOD presses for further privatization of base operations. To encourage reshaping of the Corps' culture and incentive efforts to revolutionize effectiveness in installation support contracting, TAE recommends that HQ USACE undertake the following--

a. Authorize commanders of districts and operating divisions to use some percentage (1,2 or 3%) of their operating budget for rapid response contracting initiatives. This funding would allow districts to prudently plan and prepare to execute those missions based on the commander's business decisions. The return on investments could be tracked with a set of metrics and routinely briefed as a CMR issue. This funding is an investment in Corps relevance to emerging Army and national needs. We must invest to develop best business practices and boldly reengineer our processes, just as major corporations invest to become masters of their industry.

b. Develop a USACE sponsored program or competition that funds the best contracting innovations and create an environment that rewards districts for thinking out of the box by making it easy to implement the good ideas that are out there.

Good News Stories

NORTHWESTERN DIVISION

By James J. Rich, Ph.D.

Kansas City District BRAC 95 represents the U.S. Army's current largest BRAC action and Kansas City District's largest military construction project for FY 1997-98. The contract marks several "firsts" for the district. The contract calls for completion of five separate projects under one contract to meet the relocation of the U.S. Army Military Police and the Chemical Schools from Ft. McClelland, Alabama to Ft. Leonard Wood, Missouri. Schedule was mission critical to this project as the base closing schedules are mandated by Congress and receiving installations must be ready to accept incoming functions or the Army faces significant delay costs.

Instead of issuing over 3000 drawings and eight volumes of specifications, a decision was made to utilize an electronic bid set model (EBS) with the entire specification being placed on CD-ROM, (compact disc-read only memory). Savings in printing, collating, reproducing and mailing costs were estimated to be in the thousands of dollars.

Since the project was fast-tracked as to the design and need to award the construction by May 1997, the project was issued in two phases. Phase I consists of 65% to 90% design documents and required the contractors to submit information on Past Performance for technical evaluation. Phase II was then issued with 100% plans and specs, and required a detailed Schedule Analysis, as well as Management Capabilities, Quality Control and Subcontracting and Price from those offerors who submitted a proposal under Phase I.

Formal source selection procedures incorporating best value guidelines were used in this procurement. Members of the source selection teams were composed of highly qualified members of the Army and Corps of Engineers, at the District, Division and Headquarters level. The final contract was awarded in the total amount of \$160,099,750 with a completion schedule that exceeded the initial requirement.

To ensure that small and disadvantaged business firms were represented in the BRAC 95 solution, contracting opportunities for the 8(a) program were identified and three separate break-out contracts were awarded in FY97 to 8(a) firms, in the amounts of \$730,743, \$2,387,000 and \$4,555,200. Additional BRAC related 8(a) work in FY98 will include a road construction contract with an estimated value of \$1.2 million.

By Kent R. Paul

Seattle District Contracting instituted a program in 1995 to gain immediate and *if* specific feedback on how well their service was viewed by their customers. Accordingly, at the completion of each action (from the smallest small purchase to the largest contract award) each customer is requested to rate our service in several areas. Since inception several thousand survey requests have been sent and over \$2,000 have been returned. Their results are follows:

Customer kept informed	96%	Yes
Project on time	95%	Yes
Cost within budget	99%	Yes
Timely award	97%	Yes
Attitude	67%	Excellent
	32%	Good
	1%	Fair/Poor

Flexibility	61%	Excellent
	37%	Good
	1%	Fair/Poor
Knowledge/Ability	62%	Excellent
	36%	Good
	2%	Fair/Poor
Overall Rating of Service	67%	Excellent
	27%	Good
	5%	Satisfactory
	1%	Poor

Raters are also requested to provide narrative feedback on service areas they consider was accomplished well and those that could be improved. Results are immediately fed back to supervisors and the contracting employee responsible for the action. Follow up action is taken as necessary. The result of this initiative and several others have been marked by a steep rise in overall customer satisfaction over earlier attempts to gauge Contracting Division's effectiveness when rating were done on a programmatic rather than action by action basis.

By George R. Wight

Portland District Awarded a \$28 million construction contract that was put out on CD, our first attempt at electronic bid and it went rather smoothly. The CD contained 800 pages of specifications and 1000 pages of information-nation drawings saving resources and time.

The Portland District Corps of Engineers has been selected to receive the 1997 Agency of the Year Award from the U.S. Small Business Administration, Portland District Office. This award is in recognition of outstanding commitment and support of SBA's Section 8(a) Program and the disadvantaged business community. The award is presented annually to the agency that provides the most awards made under the 8(a) Program

Portland District Cont.

for the past fiscal year. In fiscal year 1997, the Corps of Engineers, Portland District, offered 16 projects to the SBA in support of 8 different 8(a) firms. As a result of these offers, 14 contracts and 46 modifications were awarded for a total dollar volume of \$4,915,823. In the past five fiscal years the Portland District awarded 41 contracts and 139 modifications for a total of \$17,236,637 in 8(a) contracting activity. John L. Gilman, SBA District Director said "This record reflects an outstanding commitment to the objectives of the 8(a) Program and greatly facilitates our efforts to develop the disadvantaged firms participating in this program."

By Pam Taylor

Ordnance Program Division

IMPAC has an impact on business in Saudi Arabia

The Kingdom of Saudi Arabia exists as one of the largest countries in the Middle East. The climate is hot. Islam is the traditional religion. Arabic is the national language. And the U.S. government's credit card is used to pay for goods and services. How did this happen? With a lot of hard work.

The U. S. government credit card evolved in the United States as an idea to save time and dollars in the procurement process. It allowed cardholders to purchase goods and services for the government without the usual mountains of paperwork. The use of the credit card is skyrocketing every day with the potential for its use to go even higher.

In the early years, American vendors had to be educated about the International Merchant Purchase Authorization Card, called IMPAC. Vendors had to be convinced that the government, first of all, did have a credit card. Then, the contracting personnel had to convince the vendor that the card was "good" and that they would be paid faster than ever before. This was not hard to accomplish since, in my experience, payment time was sometimes as much as 90 days. The vendors had to be convinced that they would be paid even without the signature of the authorized purchaser and two forms of identification.

As a contract specialist when the card was first put in use, a businessman asked me if I thought it would be advisable for him to begin accepting the card. My answer was simple. If he did not take the credit card, he was eliminating two sources of income - the U.S. Army and the U.S. Air Force.

He immediately implemented a campaign advertising his acceptance of the Government credit card. With a great deal of discussion, a National Performance Review, and a whole lot of trust, the use of the credit card is growing by millions of dollars each year.

Since the credit card has been accepted in the United States, why not take it to the rest of the world? Simple, right? Other countries take advantage of credit card purchases. It's easy and fast. England, France and Germany accept the U.S. government credit card. What about the Middle East?

In May 1997, the Ordnance Program Division began using IMPAC extensively. The acceptance by local vendors took a different tact. They had to be educated about the purpose of a credit card. The term "buying on credit" is not in the vocabulary of the Saudi Arabian vendors. They understood the completion of a business deal with a handshake, not with a 3-inch by 2-inch piece of plastic. So the education process began.

At OPD, we decided to take the path of least resistance. We selected potential IMPAC vendors from those establishments who were already doing business with the government through purchase orders, contracts or Blanket Purchase Agreements. Since these vendors were already knowledgeable about Western business practices, they seemed to be the most likely candidates to accept a government credit card with the least amount of convincing. Some vendors actually had heard of credit cards and were willing to accept one from the U.S. government. The first step was complete.

The next hurdle was the banking system in the Kingdom. The Saudi Arabian banks have their own credit card. The vendors wondered why OPD did not use that card. They were also very reluctant to approve purchases made with the U.S. government card issued from a U.S. bank. We contacted the folks at Rocky Mountain Bank System for the solution to this problem. They acted as intermediaries and cleared the way for the local banks to process the card purchases.

In Saudi Arabia, the IMPAC cardholders do most of the procurement in person. The vendor calls for credit card approval with all the items sitting on the counter. If the phone lines were busy, the card purchase is declined. The cardholder is then asked to move out of line and wait until the clerk has time to call for an approval. It can be several minutes before the clerk makes a second call. Another busy signal began the process all over. This has been a lesson in persistence and patience for the cardholders who have learned not to be embarrassed if their card is declined.

The education did not stop with the vendors or the banks. It was necessary to educate the contracting professionals on the use of the credit card. As with every cardholder, approving official, agency program coordinator and paying officials, we had a minimum of four hours training on the purpose and use of the card. I had just arrived from Aberdeen Proving Ground where the credit card was used 90 percent of the time for commercial items. I carried with me a copy of the training provided there. From that, I structured the OPD training.

There were some hurdles to overcome with our own procurement employees. The training helped here. We discussed the requirement to use the credit card, the opportunity for abuse, and the amount of patience required waiting for the purchase approval during the training sessions.

OPD is now more than six months into the use of the credit card. We finished the last quarter at the 50 percent mark. I am delighted with the progress. Our goal is to raise that to 90 percent. For incentive, I have offered a pizza party when we reach 75 percent. I wonder if Pizza Hut takes a credit card? My

personal one, of course.

(Pam Taylor has been a contract specialist with the Ordnance Program Division in Saudi Arabia since May 1997. She previously worked at the Tank Automotive Command, Warren, Mi., and Aberdeen Proving Ground, Md.)

Celebrating Partnership--A New Culture in the Corps

Corps-Arsenal Partnership Covers Public Works Functions

An Excerpt from the Rock Island ARSENAL "TARGET"

Rock Island Arsenal and the Rock Island District of the U.S. Army Corps of Engineers have joined in a partnership that is the first, but probably not the last, of its kind in the Army.

Under the partnership, the Rock Island District will take over the day-to-day operation of most of the functions now performed by RIA's Directorate of Public Works. The Arsenal commander will retain responsibility for planning, programming, budgeting, funding and setting priorities for public works requirements on the installation.

The partnership officially took effect on Oct. 1 and will continue on a test basis through fiscal years 1998 and 1999. At the conclusion of the test, the move of PW functions to the Corps could become permanent.

The success or failure of the test will be tracked very closely by the Department of the Army, which is considering the idea of turning public works functions at all Army installations over to the Corps of Engineers.

That idea has its practical roots in the reality of downsizing and its theoretical roots in the Force XXI modernization initiative, which calls for reengineering the support base. The Army Materiel Command was given the lead on testing the idea; AMC then chose the Arsenal as a test site.

While two other installations are testing public works partnerships on a limited basis, RIA can claim to be the only installation testing a full partnership with the Corps.

In remarks delivered at a ceremony marking the partnership, Rock Island District commander Col. James Mudd described it as a "brave effort" that would require a lot of trust and cooperation on both sides. "I believe this partnership has a really good chance to succeed," Col. Mudd said, "because of the hard work and dedicated effort of the people involved in it."

RIA commander Col. Steven Roop admitted that he was skeptical about the partnership at first but agreed to it when he realized its implications for the future of the Arsenal and the Army. "This is our chance to be part of setting a new policy, rather than reacting to a policy imposed on us," Col. Roop remarked.

Dan Holmes of the Rock Island District, who is serving as the district's primary liaison with the Arsenal, said that the partnership shared similarities with the consolidation efforts that led to the formation of organizations such as the Civilian Personnel Operations Center and the Defense Finance and Accounting Service.

"Unlike CPOC and DFAS, which are new organizations, the Corps was already here," Mr. Holmes said. "But this partnership allows us to consolidate certain engineering functions into one organization, with the goal of achieving efficiencies and improving services."

According to Mr. Holmes, the Rock Island District performs nearly all of the functions that are performed by the Public Works Directorate. These functions include management, contract oversight and engineering support in areas, such as the construction, renovation and repair of buildings, roads, grounds and other real property assets; utilities; snow removal; environmental compliance; historic preservation; janitorial services; and pest control. "We already do all those things," Mr. Holmes said, "and now we will do them at the Arsenal as well as at other sites in the district." Mr. Holmes stressed that Arsenal was not ceding control of public works and would still make management decisions and set priorities in the PW arena.

"In general terms, the Arsenal commander will decide what needs to be done, will set priorities on when it should be done, and will provide the necessary funding," Mr. Holmes said. "The Corps will then have the functional responsibility of carrying out those decisions."

At the time the partnership was formed, the Directorate of Public Works had about 70 employees on board. Nearly 90 percent of them have been detailed to the Rock Island District, where they will work in a separate project office under the district's Operations Division.

The other former PW employees will be assigned to a public works cell within the proposed Base Operations Directorate, where they will carry out the management and oversight functions retained by RIA.

No employees were displaced from their jobs as a result of the partnership. In fact, as former PW director John

Ruble pointed out, the vast majority of detailed employees are still performing the same jobs they did before, are still at their old desks on the first floor of Bldg.. 102, and still have the same telephone numbers and e-mail addresses.

"We wanted to complete the transition with a minimum of disruption," Mr. Ruble said, "and we wanted to make it transparent to our customers." He noted that procedures for calling in work orders and reporting problems with services have not changed, and that messages would continue to be sent by the Arsenal's public works staff informing employees of bridge closures, planned power and water outages, and other items of interest.

During and after the test, audits will be conducted to determine whether or not the partnership is generating the cost savings which have been projected. Mr. Holmes said that the results of the audits would be read with interest at the AMC and DA levels and would be crucial in determining the future of the partnership.

But Mr. Holmes added that the partnership's ultimate test would come in how it is received by customers. "If the people at the Arsenal are happy with the services they receive," he concluded, "then we'll know that we've succeeded."

CVI-A New Way of Improving Quality of Life for Soldiers-The Corps Leads the Way

DATELINE Omaha -- Headlines reading "Army Housing Inventory is Disrepair", "D ID Estimates 30 Billion Needed to Revitalize Housing" and "Housing Problem needs 20 years to solve," continue to degrade the quality of life for our soldiers. However, recently enacted legislation allows the Corps of Engineers to solve this problem. The Capital Venture Initiative (CVI) legislation provides authorities for the Federal Government to work in commercial partnerships with private sector housing developers and managers. The main premise of the legislation is; to gain the majority of redevelopment and construction capital investment from the private sector; get out of the Housing Management and Construction business entirely and improve the quality of life for soldiers and their families. Further, it provides certain incentives that protect and enhance private sector capital while allowing each project to remain budget neutral. The incentives provided in the CVI legislation range from, authority to enter into limited partnerships to providing direct loans to contractors.

The Omaha District is pioneering this effort for the Corps of Engineers by soliciting for, selecting and awarding this first of its kind contract for Forces Command (FORSCOM) at Fort Carson,

Colorado. The Omaha District CVI Team, Lead by Mr. Steve Hill (CENWO-PPM) and Major Scott Campbell (CENWO-CT), have successfully navigated a myriad of complex issues from Real Estate Jurisdiction to development of a Government backed Loan Guaranty. The Omaha model uses a 50 year service contract with a 25 year option, a real estate lease for the land use and several other real estate documents to transfer ownership of existing housing units to the selected contractor.

The future prospects for this program are virtually unlimited as FORSCOM alone has an additional 15 installation slated for similar work, each of which will look to local Corps District for support. Moreover, the CVI initiative assists in fulfilling Secretary of Defense Cohen's requirement to have all Military Family Housing privatized by the end of FY05. Currently, the Corps is considered to be the Army's Agent for developing and executing these programs at each installation.

The CVI program is coming to an installation within your district. I encourage all Contracting, Real Estate, Legal and Program Management personnel to review the Omaha Model for CVI and prepare for your upcoming opportunity. The Omaha Solicitation and relevant documents are labeled on the Omaha District, Contracting Division Website, or contact Major Scott Campbell, Chief of Contracting at COM (402) 221-4100 for additional information.